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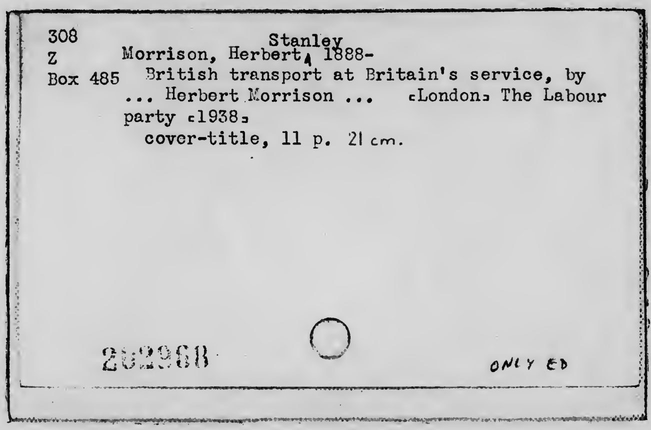
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British Transport
at
Britain's Service

By

The Rt. Hon. HERBERT MORRISON, M.P.

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BRITISH TRANSPORT at BRITAIN'S SERVICE

by

Herbert Morrison, M.P.

IF we, with our existing knowledge, were starting from scratch to organise British transport, what should we do if we were sensible ?

We should, I suggest, first of all consider what we required in the way of transport. We should consider the probable movements of the population within the urban areas for daily and long distance journeys on business or pleasure.

We should have to consider the movement not only of persons but also of goods and of raw materials from the points of supply or importation to the places of manufacture, and of manufactured goods. We should consider the needs of the export and the import trades ; the needs of farmers. We should design passenger transport facilities that would give the public speed as well as comfort.

On the goods side we should wish to make a system aiming at collection and delivery from anywhere to anywhere. We should not start with a bias in favour of or against road transport, rail transport, air transport or waterway transport.

We should, I think, aim at using the most appropriate form of transport for the particular needs of persons, industry, and agriculture. But we should keep in mind the desirability of a reasonably free choice of alternative forms of transport, particularly for the travelling public.

Efficiency, amenity, adequacy and economy—these would be the considerations we should mainly keep in mind. In short, we should ascertain the needs of the nation and then do our best by wise organisation to satisfy them.

We should know that these needs could only be fully met in the interests of the nation as a whole by the nation owning the transport systems and providing the best form of management for public ends. We should set out on the basis of a plan.

Unfortunately this did not happen in the provision and organisation of British transport.

So, in considering the reorganisation of transport, practical policy demands that whilst keeping in mind what ought to have been done at the start, we should begin our work on the basis of things as they are, despite their imperfections.

Evolution of Transport

And now let us look at things as they evolved, and as they are.

The story of all branches of transport is one of small, disconnected beginnings and cut-throat competition, succeeded later by working agreements, amalgamations and, up to a point, even trustification.

One result of the small, disconnected beginnings and the cut-throat competition is the carrying by the railways, for example, of considerable burdens of unproductive capital. This capital has to be "kept," even though it does not earn its "keep."

In respect of the acquisition of land for railways, this was recognised by the Royal Commission on Transport of 1928-31, which declared that extremely high prices were paid for land in order to buy off the opposition of influential landowners and to meet claims for compensation in respect of depreciation, real or fancied, to estates and the destruction of amenities; and abnormally heavy Parliamentary costs were incurred. The two principal results were that the land acquired was frequently not that most advantageously situated for rail transport and that the capital of the companies was grossly inflated. With such excessive capital expenditure, declared the Royal Commission, two things only—each undesirable—are possible ; either the capital remains unremunerative or remuneration must come from excessive charges to the user.

Moreover, the competition between the many companies that formerly existed meant a great deal of waste. To some extent waste exists even to-day. Despite the theoretical belief of anti-Socialists in free competition, amalgamations took place and agreements were made designed to avoid the worst phases of competition. Finally, in 1921, the Coalition Government of Conservatives and Liberals passed the Railways Act which combined over 120 separate undertakings into four groups. Even between these four groups a certain amount of destructive competition and overlapping still goes on.

In the vast and important London traffic area covering nearly 2,000 square miles, there has been a similar evolution. Small, disconnected beginnings evolving into great consolidations ; amalgamation of bus companies, municipalisation of tramways, consolidation of underground railways, and then the establishment of that private London Traffic Combine which, by complicated methods of financial control, brought under a single management practically all the omnibuses, underground railways, company tramways, and a large proportion of the motor coaches.

Towards Co-ordination

Even so, destructive competition made it difficult for the Combine and the suburban lines of the main line railways to carry through necessary developments. And so in 1931 the Labour Government introduced the London Passenger Transport Bill which sought to combine under one public authority—The London Passenger Transport Board—all the London passenger transport undertakings, whether public or private, and to link up with them in a financial pool the suburban passenger lines of the main line railways.

This measure was so eminently business-like and in the public interest that, although undesirable amendments were made, the Bill was finally placed on the statute book by the "National" Government under the title of the London Passenger Transport Act, 1933.

Passenger road transport in the Provinces, so far as it is not municipally owned, has likewise witnessed mergers into bigger and bigger undertakings. And now at great cost the railway companies have acquired big financial interests in many of the omnibus undertakings with a view to securing co-ordination between those services and the railways.

The tendency in the great towns has been for the municipalities to own their own passenger transport, but in many cases they are subject to the competition of private undertakings.

There has been much consolidation of canal undertakings—some of them acquired by the railway companies, for the purpose of eliminating their competition, have been put out of use.

Consolidation of the port and dock undertakings in a number of areas has been carried through, either by the railway companies or public trusts, and in the case of London by the creation of the great Port of London Authority, the Act for which was passed by the Liberal Government in 1908.

Even in goods transport, although there is a very considerable survival of small, competitive undertakings, much amalgamation has taken place. We see, therefore, over the whole field of transport, even within the operation of capitalist ownership and management, that there has been a steady tendency towards bigger and bigger units and less and less competition.

Meanwhile, the State has not been inactive. It has asserted itself with a view to imposing compulsory amalgamations as in the case of the Railways Act, 1921, and in the establishment of public authority transport by way of municipal private Bills and by the London Passenger Transport Act, 1933. Parliament has also passed a considerable amount of legislation subjecting private passenger and goods transport undertakings to a substantial degree of public regulation and control.

The interesting thing about all this movement away from free competition is that to a considerable extent it has been accepted and even encouraged by private interests in the transport world. Private amalgamations have actually been planned and carried through by the capitalist interests.

The Railways Act, 1921, which compulsorily grouped the railways into four amalgamated companies and subjected them to a considerable degree of public control, was accepted by the railway undertakings. The acquisition of large interests in the omnibus companies by the railways was a voluntary action in the direction of co-ordination. The development of the great private London Traffic Combine was the deliberate work of Lord Ashfield and his associates and he was sufficiently enlightened to accept the logic of his own work when he recommended his shareholders to concur in the passage of the London Passenger Transport Bill.

It has become a commonplace for chairmen of railway companies to denounce destructive competition in transport. Even Tillings' Omnibus Company, which opposed the passage of the London Passenger Transport Bill, has itself pursued the policy of private consolidation in various parts of the country. Indeed, in the last few years it has made a joint arrangement with the Conservative Corporation of Brighton for the operation of road passenger transport in that great seaside resort.

Rail Chairman Accepts State Ownership

One of the outstanding opponents of competition among the private interests is the chairman of the London and North Eastern Railway, Mr. William Whitelaw, LL.D. Writing in the *Glasgow Herald Trade Review*, December 28th, 1937, he, not for the first time, accepted the

idea of the nationalisation of the railways. He pointed out that public regulation of one kind or another was now so highly developed as a consequence of the railway amalgamations that there might be more managerial freedom under nationalisation, which, by removing the element of private monopoly, would enable meticulous State regulation to be relaxed. His words are so important that I quote them :—

> " The control of the railway industry by the State has now reached a point at which accuracy can barely designate it as a private undertaking. Wages are controlled by a tribunal and rates and fares by another, both set up by Parliament, and in a score of other ways railways have to toe the line. How much further is this control to go ?
>
> " The State ownership of the railways and their management by a Transport Board would probably leave the railway industry with less Governmental interference than is at present experienced. Nationalisation was once little more than a parrot cry of the Labour Party and anathema to a Conservative. To-day a Government mainly supported by the Conservative Party has introduced a Bill for the purchase of the coal which lies—or is supposed to lie—under the surface of the land at a value fixed by arbitration and to force amalgamation among colliery companies.
>
> " With this example who will confidently assert that ere long we shall not see a Bill to purchase the railways which lie on the surface—at least the railways are there and obvious to the human eye—again at a valuation to be fixed by arbitration, and their management, and perhaps that of all road transport as well, handed over to a Transport Board."

In the *News Chronicle* of December 29th, 1937, he declared that " any political argument against State ownership is demolished by the facts of the situation." He had " no doubt that eventual State ownership is inevitable."

He went on to state the case for public ownership of transport on grounds of national economy in the following convincing words :—

> " My reasons for wishing to see State ownership are as simple as would be the actual transaction.
>
> " **Perhaps the chief advantage would be the elimination of wasteful competition.** Some of this has disappeared, but we still see the running of unnecessary trains, the maintenance of unnecessary works and shunting sheds and depots in the same towns, and the competition between road and rail systems, which is often detrimental to both interests.
>
> " **There is no doubt in my mind that State ownership would result in rationalisation and improvement which would reduce the costs of both passenger and industrial transport.**
>
> " It should be remembered that much of the extension and improvement of the present railway systems is being carried out with money which has been advanced by the Government.

> " This money is in course of being spent on schemes for which the railways alone could not have paid.
>
> **" There has never been a time when there has been greater need for a general reconsideration of the whole transport problem. And this, as it affects both road and rail, must be regarded not in piecemeal fashion but as a great national responsibility."**

Not all capitalist leaders of the transport industry have been as frank as Mr. Whitelaw, but I know that many of them have sympathy with the point of view to which he has given public expression. Even the Conservative Party in the House of Commons grudgingly accepts the logic of the situation ; it was the predominant political party in the promotion of the Railways Act, 1921. It accepted in principle the Road Traffic Act, 1930, which established traffic commissioners for the licensing, regulation and co-ordination of road passenger services. And through the " National " Government, it was the predominant party in extending the same principle to road commercial transport by passing the Road and Rail Traffic Act, 1933. Whilst the Tory Party fought the London Passenger Transport Bill on Second Reading when it was introduced by the Labour Government, it was subsequently responsible for its passage, with amendments, under the " National " Government in 1933.

Old Doctrine Thrown Overboard

But perhaps the most telling evidence of the departure of the Conservative Party from the old discredited ideas of competition in transport was the following amendment moved on behalf of the Conservatives in the House of Commons to a motion favouring the socialisation of transport submitted (November 17th, 1937) to the House by Mr. F. B. Simpson, the Labour Member for Ashton-under-Lyne :—

> " This House recognises the importance of a properly co-ordinated transport system, but considers that, having regard to the complex nature of transport requirements in this country and their widely varying conditions, there are definite public advantages in having transport undertakings under both public and private ownership and operating under such measures of statutory regulation and control as may be necessary in the national interest."

I would emphasise that this amendment was moved on behalf of the Conservative Party ; that every Conservative M.P. voting supported it ; and that such an amendment would be framed in consultation with the Government.

It will be seen that a number of the points incorporated in the amendment are in principal socialistic points. It urges a " properly co-ordinated transport system " ; and thereby throws overboard the old doctrine of competition. Whilst it affirms that there are definite public advantages in having transport undertakings under both public and private ownership, the inclusion of public ownership in that declaration is a partial admission of our case. Moreover, it provides that the undertakings should operate " under such measure of statutory regulation and control as may be necessary in the national interest."

And that throws overboard the old Conservative dogma that State interference with industry is wrong.

So even the Conservatives move. Their policy is nearly always many years behind the policy warranted by the facts. Still they move, even if it is only behind the times.

Essentials of a Wise Transport Policy

Let us now consider what are the essentials of a wise British transport policy.

If the full advantages of co-ordinated transport are to be secured we must eliminte the conflicting interests created by the existence of innumerable separate private ownerships. These, quite naturally, are chiefly concerned about advantages for their own individual undertakings. They do not worry themselves too much about the efficiency and welfare of transport as a whole.

If this is agreed, we then have to choose between private monopoly and public monopoly. The trouble about private monopoly is that it is dangerous to the general well-being. The management of a private monopoly must inevitably be fettered by much State regulation to protect the interests of the community. A monopoly which is publicly owned does not threaten public interests and so does not require such intense State regulation.

Under proper conditions the management of a public concern is likely to be freer than that of a private monopoly. Those in charge will know that they are expected to work for public ends. Their own interests will not conflict with the public interest. They will realise that they will be watched by press and public and subjected to criticism if they go wrong. Enjoying the dignity of public service, they will feel themselves accountable to the nation.

Once the unification of ownership is achieved, it will be much easier to make those changes in the transport system necessary to proper co-ordination and efficiency. Let me give an example. For many years, before the London Passenger Transport Board was established, it was known to the engineers of the separate companies that great traffic advantages would result from effecting a fly-over junction near Aldgate, but the separate ownerships could not agree that the work should be done. It was a silly state of affairs, but the public suffered.

Under the London Passenger Transport Board, which is the owner of all the underground systems, the junction is now being made.

A single consolidated ownership would make considerable economies on the one hand, and big material extensions and developments on the other. For if competition leads to duplication and waste in some transport services, it also leads to insufficiency in others. Moreover, there is need for much to be done to make our transport system what it ought to be—railway electrification ; improved railway stations ; improvements in some of the rolling stock (including many road passenger vehicles, although many of these have been improved in recent years) ; improvements at docks and some of the inland waterways ; the establishment of inter-change depots for goods traffic and so on.

We need not fear, therefore, that socialisation would, on balance, lead to wholesale reductions in employment. In the event, however, of any officers or employees being displaced as a consequence of the new order of things, compensation would be provided for them.

Moreover, we must not forget that this socialisation of transport would be a step on the road to the establishment of the Socialist Commonwealth. When socialisation has so far advanced that the nation is the effective master of its economic resources, unemployment as a social disease will be an anomaly. As we shall then produce wealth for the advantage of the nation and not for the profit of the few, the more work that is done the higher the standard of life of the nation will become.

Labour's Common-sense Plan

The economies resulting from consolidation of ownership will liberate resources for extensions and new works which will create fresh employment. A transport policy based on national ownership and control would seek to meet the following essentials, as set out in

the " National Planning of Transport,"* approved at the Labour Party Conference of 1932 :—

(a) The provision of transport facilities as a whole should be sufficient to meet all reasonable public needs. Such provision must have regard to many and varying factors which, in turn, differ from place to place and from undertaking to undertaking ; thus reasonable peak, seasonal and other exceptional traffic should be met with necessary speed and promptitude. Transport provision beyond these requirements is wasteful and must in the long run involve unnecessary costs ; so far as possible the capital should be fully employed.

(b) Public tastes, preferences and even prejudices, especially in passenger transport, should be catered for within reason, but not to an extent involving serious economic loss.

(c) The general direction and day-to-day management should be endowed with a strong sense of initiative and responsibility, and should therefore be freed from unnecessarily detailed Ministerial and Parliamentary supervision once the broad principles of policy have been laid down by the statute creating the new machinery. They must not get into a groove ; they should be open to new ideas and be ready to meet and even to anticipate all reasonable complaints ; the managerial mind should become a transport frame of mind and should as far as possible be lifted above any specialist training and experience in road, rail, coastwise shipping, harbours and docks, or other particular section of transport.

(d) There should be adequate standards of remuneration and other conditions for the personnel of the transport system, and a definite and steady development of co-operation between the management and the other personnel.

National Transport Board

It is proposed that there should be established a National Transport Board, the members of which would be appointed on the responsibility of the Minister of Transport of the day ; the members would be chosen primarily for their general competence and ability. The Board would be a public authority. There would be transferred to it forthwith the railways, long distance road transport and certain other departments of transport. Powers would be given to the Minister to order the transfer of other undertakings to the Board as and when it was found administratively practicable and convenient. The Board would have the duty of establishing the most suitable machinery for effecting efficient management, and for providing a transport system giving the best possible service to every part of the country, to the travelling public and to industry and trade, including agriculture.

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*Obtainable from The Labour Party, Transport House, Smith Square, London, S.W.1. 2d.

In order that the Board should be in touch with the wider public it is proposed that a Consultative Committee should be established which would be representative of passenger and commercial users of transport, local authorities, the State and labour in the industry. From time to time the National Transport Board would meet the Consultative Committee for the inter-change of information and the ventilation of complaints.

Apart from this, although it is not proposed that the Board should be subject to meticulous political interference, certain specific powers would be vested in the Minister of Transport, in the public interest ; questions could be asked and discussion would periodically take place in Parliament about its work.

It would be essential that responsibilities should be defined and that the Board should enjoy a wide measure of managerial freedom. Under this system we should get a combination of commercial initiative with public accountability, together with opportunity for the proper ventilation of public criticism.

The former owners of the transferred transport undertakings would be compensated. This payment need not take the form of cash, which would involve substantial State loans. The former owners would be paid out in national transport stock carrying an appropriate rate of interest, if earned. We should, of course, be willing to consider other financial arrangements if they were in the public interest. And the basis of compensation would be the net maintainable reasonable revenue of the former undertakings.

Special provision would be made for the quite small undertakings where it would be inconvenient for the present owners to be paid out in other than cash, but as a matter of fact it is probable that most of the one-man and other very small private undertakings, at any rate at the beginning, would be left to operate under a system of licensing.

What is essential is that the large-scale long distance transport undertakings should be brought under the new public corporation. With the railway and road undertakings transferred to the Board would also go the important canals and docks considered to be suitable for management by the Board. In due course, coast-wise shipping and air transport would be similarly transferred. But providing efficient service could be rendered, urban passenger transport undertakings might well be left under the municipalities and, in the case of London, under the London Passenger Transport Board.

The magnitude of the Natiional Transport Board's undertakng would be determined primarily by considerations of managerial efficiency. The bigger the combined undertaking the more need there would be for departmental delegation and regional decentralisation.

An Organised National Service

It must not be forgotten that both in public administration and in private business the tendency is towards larger units of administration and management. What is certain is that it would be necessary to require all the elements of the transport industry, whether owned by the Board or not, to play an adequate, efficient part in the British transport system as a whole.

In the new order of things the destructive war between road and rail would cease. It does not follow that there would be no duplications of road and rail services ; public tastes and preferences must be taken into account. It would, however, be a duty of the Transport Board to build up a complete co-ordinated system and to see that the most efficient means of transport are available for appropriate classes of traffic.

If for a given class of traffic, railways can do the job best, let them do it ; and if road transport can do it best, let road transport do it. Door to door deliveries would be organised for the towns and the countryside. Inter-change stations between road and rail would be provided so that goods or passengers could be transferred with the minimum of trouble.

We should then enjoy a degree of elbow room in management and development which is utterly impossible when dealing with a mass of conflicting private ownerships. For the first time it would be possible to take a really national view of the transport requirements of our country. Transport would become an organised service for the nation instead of a partially disorganised means of exploiting the nation. It would become the servant of industry and of the people.

The socialisation of transport would be one of the big constructive steps towards making the nation the master and the planner of its own material resources.

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